



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 19, 2000

H.R. 4034

Patent and Trademark Office Reauthorization Act

As ordered reported by the House Committee on the Judiciary on May 9, 2000

SUMMARY

Under current law, the Patent and Trademark Office (PTO) collects fees on applications and other activities related to patents and trademarks. Such fees are recorded as an offset to discretionary spending and can only be collected and spent as provided in appropriation acts. H.R. 4034 would authorize the PTO to collect fees without appropriation action and would make such funds available to the agency until expended.

CBO estimates that H.R. 4034 would increase revenues (governmental receipts) and reduce offsetting collections by about \$6.3 billion over the 2001-2005 period. Because such fees could be spent by PTO without appropriation action, the bill also would increase direct spending by about \$5.6 billion over the same period. Because H.R. 4034 would affect receipts and direct spending, pay-as-you-go procedures would apply.

H.R. 4034 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 4034 is shown in the following table. For purposes of this estimate, CBO assumes enactment near the start of fiscal year 2001. The costs of this legislation fall within budget function 370 (commerce and housing credit).

	By Fiscal Year, in Millions of Dollars					
	2000	2001	2002	2003	2004	2005
SPENDING SUBJECT TO APPROPRIATION						
PTO Baseline Under Current Law						
Estimated Authorization Level ^a	-116	255	260	267	275	284
Estimated Outlays	-100	90	164	196	199	202
Proposed Changes						
Estimated Authorization Level	0	0	-260	-267	-275	-284
Estimated Outlays	0	374	-31	-176	-199	-202
PTO Baseline Under H.R. 4034						
Estimated Authorization Level ^a	-116	255	0	0	0	0
Estimated Outlays	-100	464	133	20	0	0
CHANGES IN DIRECT SPENDING						
Estimated Budget Authority	0	1,072	1,158	1,251	1,351	1,459
Estimated Outlays	0	697	1,021	1,188	1,284	1,386
CHANGES IN REVENUES						
Estimated Revenues	0	1,072	1,158	1,251	1,351	1,459
a. The 2000 level is the estimated net amount appropriated for that year. The 2001 level is the estimated amount appropriated for that year through an indefinite advance appropriation.						

BASIS OF ESTIMATE

H.R. 4034 would allow the PTO to collect and spend fees associated with filing patents and trademarks without appropriation action. Patent and trademark fees are governmental in character because such fees result from an exercise of sovereign power—recognizing and protecting intellectual property. Therefore, once these fees are no longer subject to appropriation action, CBO expects that they would be recorded as revenues in the federal budget.

CBO estimates that patent and trademark fees will bring in about \$1 billion in fiscal year 2000. Based on the historical growth in applications filed for patents and trademarks, we project receipts from such fees will total about \$6.3 billion over the 2001-2005 period. Under H.R. 4034, offsetting collections would decline by this amount and revenues would increase by the same amount. Based on historical spending patterns of the agency, CBO estimates PTO would spend about \$5.6 billion of these revenues over the 2001-2005 period.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net changes in outlays and governmental receipts that are subject to pay-as-you-go procedures are shown in the following table. For the purposes of enforcing pay-as-you-go procedures, only the effects in the current year, the budget year, and the succeeding four years are counted.

	By Fiscal Year, in Millions of Dollars										
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Changes in outlays	0	697	1,021	1,188	1,284	1,386	1,497	1,612	1,733	1,863	2,003
Changes in receipts	0	1,072	1,158	1,251	1,351	1,459	1,576	1,694	1,821	1,957	2,104

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 4034 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

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